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Merchandising

DECEMBER 1985

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

ELECTRONICS

Montgomery Ward ready to strike in assault on electronics market

By Regina Eisman, assistant editor

ANNAPOLIS, MD—Montgomery Ward is getting serious about selling consumer electronics.

Names like Zenith, Magnavox, GE and Quasar now can be found mixed in among the traditional Montgomery Ward brand products. And the selection has been expanded, with everything from projection TV's to calculators represented.

Customers now find in-store demonstrations, well-trained sales clerks and product service. And an aggressive ad campaign reminds them that "Things are changing at Montgomery Ward."

It's all part of the chain's new focus that has included redesigning some of its units around the "store within a store" concept now being tested in a number of prototypes.

"There's no question that we've gotten more like a specialty store," said Victor Sholis, national merchandise manager for electronics, who was interviewed at the chain's Chicago headquarters.

"Our strategy is to carry a broad assortment of exciting, leading national brands, along with a powerful assortment of private label goods," he said. "We also have strong advertising, competitive pricing and an exciting environment—it's a long step ahead of where we were a few years ago."

All of these changes came about when Montgomery Ward research showed that consumers spend more of their time and money in specialty stores. The company began to open test stores, redesigned versions of some of the most successful

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THINGS ARE CHANGING AT MONTGOMERY WARD
SAVE $120 TO $200
ON VIDEOCASSETTE RECORDERS
NEW! G.E. CAMCORDER
A BOLD NEW PUSH in advertising lets customers know that "Things are changing at Montgomery Ward"
Things are changing at Montgomery Ward
MORE BRANDS, wider selection and in-store demos comprise some of the changes the chain is bringing to its electronics departments.

HOUSEWARES

B&D, Sunbeam battle stimulates growth across housewares biz

By Regina Eisman, assistant editor

CHICAGO—At last spring's Housewares Show, the two superpowers of the industry—Black & Decker and Sunbeam—squared off against each other in a battle for market domination. Now, just one show later, it looks like the winner is—everybody.

Most manufacturers report that the competition between the two companies actually has helped the industry as a whole. Product development has reached a level unmatched in years. Inflated advertising budgets have made consumers more aware of housewares in general. And it looks like the trend is going to continue.

Last month in Chicago, both Sunbeam and B&D talked about record-breaking fourth-quarter ad campaigns that should keep sales soaring through the holidays. And a gentleman's disagreement about which brand has the greatest recognition should keep each company revved up well into the new year.

According to Kenneth Homa, vice president of marketing for the U.S. Household Products Group, B&D is spending $20 million in the fourth

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APPLIANCES

Surprise! Soon you may have new distributors

By Nancy Markov, field editor

GRAND RAPIDS, MI—Retailers of specialty high-priced appliances may well wonder what's been going on at the independent distributor level in recent years.

Where once each distributor's lines were pretty well set, today the deck is being reshuffled with increasing frequency.

As a result, retailers may find themselves working with fewer distributors that are covering larger territories and handling more lines. They may also find themselves working with several different divisions, perhaps even distinctly different operations, all part of the same distributor.

At the same time, the retailers

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OPERATIONS

Energy audits may help you cut utility costs by 15 to 25 percent

By Nancy Lang, operations editor

ATLANTA—Pulling the plug on electricity use is hard to do when you're selling consumer electronics or appliances, but how much can you really shave off your monthly utility bill?

Some experts claim that a 15 to 25 percent cost reduction is achievable. Moveover, help may be on the way next year that could make this goal a reality.

In order to shed some new light on your electric bill, *Merchandising* interviewed utility companies, a leading utility audit firm and a vice president of a major department store chain.

The latter party, Tony Bartow of Rich's Dept. Store, recently reviewed his program at a National Retail Merchants Association conference. Last year, Rich's clobbered utility

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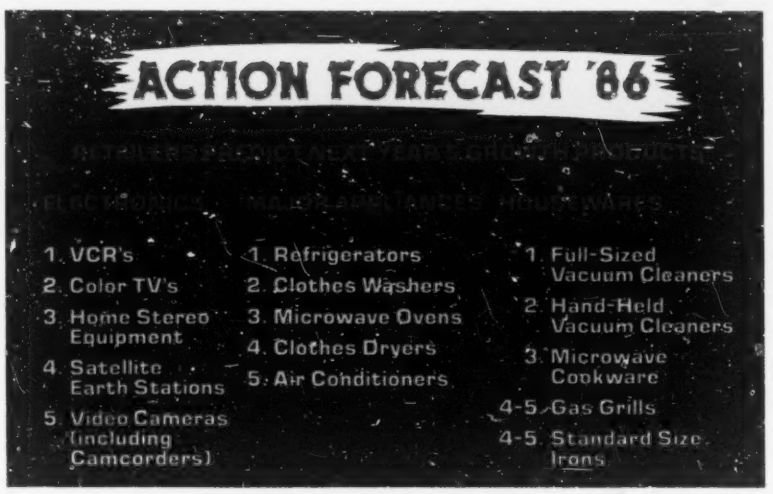

CRYSTAL BALLING '86, retailers reveal where they are pinning their hopes for sales and profits. See page 13 for details.

New in this issue:
Market Data Hotline
Facts and figures that you need, on page 9

Merchandising

FOR OVER 56,200 RETAILERS & WHOLESALERS

December 1985 / Vol. 10, No. 12 / Our 78th Year

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What's a dealer to do with used videotapes?

Selling your used videotapes to brokers can be risky: they may wind up in competitors' stores. As a result, some dealers have developed their own ways to dispose of the tapes.

29 PERSONAL ELECTRONICS

Cookbook software: It's hooking Yuppies

A slew of vendors have devised software designed to make life in the kitchen easier, especially for working professionals. And with little fanfare, some programs are selling like hotcakes.

37 MAJOR APPLIANCES

Circuit City blasts into LA with seven superstores

With the grand opening of seven superstore warehouse showrooms last month in the LA area, Circuit City is playing hardball with another local powerhouse, The Federated Group.

44 HOUSEWARES

European invasion hits fall Housewares Show

A wave of Eurostyle small appliances swept into the Housewares Show last month. Not all were from European vendors —numerous U.S. imitators contributed products.

52 STORE OPERATIONS

Debate over honesty tests questions their accuracy

Can pre-employment honesty tests help you weed out potential thieves? Despite psychologists' skepticism, the tests are being used by firms looking for some means of protection.

Find out how this dealer gets rid of used videotapes.

They may not look tasty, but these disks hold the key to culinary delights.

Circuit City plastered LA with ads in its recent attack on that market.

Mass marketers like Lechmere are now being wooed by Schawbel's Europa line and other Eurostyle small appliances.

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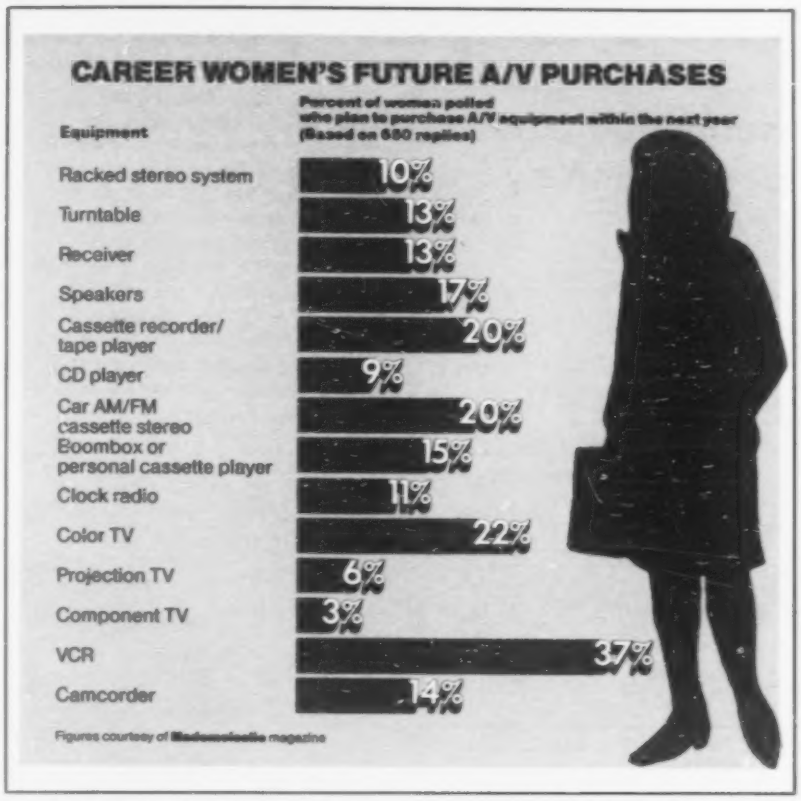
Price plays big role in women's electronics buys

NEW YORK—Electronics retailers would do well to cater to young working women. That's what the results of a recent *Mademoiselle* magazine survey imply about the purchasing power of this group.

The study polled 1,000 working women across the U.S. to determine market trends, buying habits and product usage patterns for its audience of young career women.

Of the 650 respondents, 96 percent take an active role in selecting consumer electronics items for their households. Ninety-six percent are involved in the brand/manufacturer decisions and the same percentage shop around or do some form of research before purchasing their equipment.

In addition, the survey established factors influencing these women's buying decisions. The women rated manufacturer's reputation (98 percent) and price (97 percent) as influential factors. Friends'/relatives' recommendations followed with 92 percent.


CAREER WOMEN'S FUTURE A/V PURCHASES
Percent of women polled who plan to purchase A/V equipment within the next year (Based on 650 replies)
Equipment
Racked stereo system 10%
Turntable 13%
Receiver 13%
Speakers 17%
Cassette recorder/ tape player 20%
CD player 9%
Car AM/FM cassette stereo 20%
Boombox or personal cassette player 15%
Clock radio 11%
Color TV 22%
Projection TV 6%
Component TV 3%
VCR 37%
Camcorder 14%
Figures courtesy of Mademoiselle magazine

Appearance of the equipment rated an 86, state-of-the-art technology an 83. Magazine articles came in next with a 73 percent vote, while size (such as mini-components vs. standard-size equipment) finished next with 69 percent. Advertising took 57 percent, salespeople/dealers 54 percent and store displays 20 percent.

These women shop most frequently at audio/video specialty stores (86 percent), then at appliance/radio/TV centers (73 percent), discount stores (69 percent), department stores (62 percent) and through mail order (12 percent).

MAJOR HOME APPLIANCE FACTORY SHIPMENTS
THOUSANDS OF UNITS
(Domestic Plus Export)
September 1985

	September 1985	% Change	Calendar Year to Date	% Change
All Major Appliances*	3,390.3	+ 3.9%	31,679.7	+ 5.6%
Cooking — Total	1,114.6	– 2.4	9,886.0	+ 18.7
Electric Ranges — Total	278.6	+ 2.7	2,305.5	– 0.3
Free Standing	230.2	+ 1.4	1,880.8	+ 0.4
Built-In	48.4	+ 9.5	424.7	– 4.0
Microwave Ovens/Ranges	852.5	– 3.9	7,731.4	+ 25.1
Home Laundry — Total	835.8	+ 10.5	6,796.0	+ 3.6
Automatic Washers	476.2	+ 9.5	3,956.3	+ 2.6
Dryers — Total	359.6	+ 11.8	2,839.7	+ 4.8
Electric	282.2	+ 11.2	2,244.9	+ 3.9
Gas	77.4	+ 13.8	594.8	+ 8.5
Kitchen Cleanup — Total	716.4	+ 3.1	5,860.8	+ 0.7
Disposers	387.0	+ 5.8	3,103.2	+ 1.8
Diswashers — Total	313.2	+ 0.1	2,626.9	– 0.6
Built-In	295.4	+ 0.5	2,452.1	– 0.6
Portable	17.9	– 4.3	174.7	+ 0.2
Compactors	16.1	+ 0.6	130.8	– 1.8
Food Preservation — Total	666.8	+ 6.6	5,684.1	– 2.2
Refrigerators	559.1	+ 7.5	4,689.5	– 1.6
Freezers — Total	107.7	+ 2.0	994.6	– 4.7
Chest	52.2	+ 6.5	510.1	– 5.5
Upright	55.5	– 1.9	484.4	– 3.9
Home Comfort — Total	56.7	+ 26.6	3,452.8	– 0.6
Room Air Conditioners	48.9	+ 21.6	2,881.9	– 0.7
Dehumidifiers	7.8	+ 73.3	570.9	– 0.1

*Numbers do not add because of overlapping product categories.
Figures courtesy of AHAM.

Record 39.4 million in majaps shipments is in sight for '85

CHICAGO—Record first-, second- and third-quarter major appliance shipments bring the industry within reach of a new annual record, according to Robert Holding, president of the Association of Home Appliance Manufacturers (AHAM).

Nearly 3.4 million major appliances were shipped in September and 9.9 million in the third quarter, establishing new shipment records for both periods.

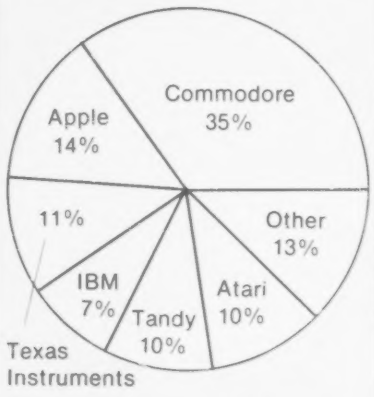
Shipments rose 3.9 percent in September and 2.3 percent in the third quarter, compared to the same 1984 periods.

Fourth-quarter shipments of 7.8 million units is all that's required to break the 1984 annual record of 39.4 million units.

Three product categories registered notable increases in September: home laundry jumped 10.5 percent; food preservation, 6.6 percent, and kitchen cleanup, 3.1 percent.

Home computer penetration hits 10%

Home computer penetration by brand



Figures courtesy of LINK Resources

NEW YORK—Household penetration of home computers rose by three percentage points to the 10 percent level this year.

According to LINK Resources, a New York-based research and consulting firm, penetration is greatest in New England, were PC's can be found in 12.8 percent of the homes. The Pacific region checks in with 11 percent, the East North Central region at 10.8 percent and remaining areas at below the U.S. average of 9.8 percent.

A brand popularity poll showed Commodore leading the pack with 35 percent. Apple follows with 14 percent. Texas Instruments, which withdrew from the home PC market in 1983, fell from about 25 percent last year to 11 percent. IBM rose to seven percent, Atari remains at 10 percent, and Tandy's share fell from 13 percent to 10 percent.

In other findings, the survey showed that: 10 percent of PC owners planned to purchase a new machine in 1985; 40 percent of owners use their computers every day, with sessions averaging about two hours, and new buyers spent an average of $808, or 20 percent more than the previous year.

Also, of those families with a home computer, some 13 percent own more than one.

What's the cause for the growth in dual ownership? Some reasons given include the use of the machines by more than one family member, as well as advances in computer technology that lead to consumers buying a new model to replace one that they might have outgrown since it was purchased.

Oct. VCR sales top 1 million units, says the EIA/CEG

WASHINGTON, DC—October was a "solid" month, according to the Electronic Industries Association's Consumer Electronics Group. VCR sales topped one million units, a 44.7 percent gain from October of last year.

A total of 1,041,929 VCR's were shipped in October. This brings the January to October tally this year to 8,558,981—an increase of 55.1 percent from the same period last year.

Projection TV's also did very well, jumping 32.6 percent to a total of about 26,000 units shipped during October 1985. Sales of projection systems are almost 29 percent ahead of the same period last year.

October saw some 1.89 million televisions shipped, a 1.2 percent gain over last October, but an overall decline of 3.4 percent for the same period last year.

About 1.56 color units were shipped in October, bringing the total for the year to 13.7 million units, a 3.8 percent increase over the same period last year.

Shipments of monochrome units plummeted 33.5 percent this October vs. last year, with only 330,872 units shipped. Overall, the category has slipped 27.3 percent this year, vs. the same period last year.

Video camera sales declined in October by 38 percent. Not including camcorders, year-to-date sales are running 11 percent behind last year's levels.

VCR's, refrigerators, vacs top the polls as retailers' most popular products for '86

By Maureen Haefner, market data editor

NEW YORK—Although the final results from 1985 are not even in yet, many retailers are already busy planning for the year to come. And it's at times like this that a crystal ball would come in mighty handy.

What, we might ask, are going to be the most popular products of 1986?

What kind of sales increases are they going to generate?

And which products are going to pack the most potential in terms of profits?

Lacking a crystal ball ourselves, we at *Merchandising* turned to our next best source of information—you, the retailer. We asked you to look ahead, into the new year, and answer the questions listed above. We then tabulated the results to produce *Action Forecast '86*.

It's important to remember when looking at the tables on this and the next page that the first chart in each category is really a type of popularity contest. Retailers simply listed the products they expect to generate the greatest increase in dollar volume next year.

The second chart shows the amount of increase the dealers who actually carry the products expect over this year's results.

continued on page 14

Consumer Electronics

Consumer electronics products expected to generate the greatest increase in dollar volume in 1986 (Based on 89 replies)

	Percent of respondents listing product in Top 5
1. Videocassette recorders	82.0%
2. Color TV's	60.7
3. Home Stereo Equipment	33.7
*4. Satellite Earth Stations	25.8
5. Video Cameras	23.6
6. Projection TV's	15.7
7. Telephones	12.4
8. Blank Videocassettes	11.2
9. Car Stereos	9.0
10. Portable Audio Equipment	6.7
11. Computers	5.6
12-16. Computer Software	2.2
12-16. Computer Peripherals	2.2
12-16. Prerecorded Videocassettes	2.2
12-16. Phone Answering Devices	2.2
12-16. Blank Audiotapes	2.2
17. Electronic Typewriters	1.1

*Respondents were mainly specialty stores located in outlying areas.

Expected increase in dollar volume for 1986 vs. 1985 and 1985 vs. 1984 (Based on 50 replies)

	Average expected percent change '86 vs. '85	Average percent change '85 vs '84
1. Satellite Earth Stations	43.7%	23.0%
2. Home Stereo Equipment	43.3	28.9
3-4. Videocassette Recorders	36.1	42.2
3-4. Video Cameras	36.1	31.7
5. Projection TV's	25.0	23.6
6. Telephones	23.7	27.8
7. Portable Audio Equipment	21.3	11.7
8. Blank Videocassettes	19.3	20.3
9. Color TV's	12.8	10.9
10. Car Stereos	11.0	4.4

Consumer electronics products expected to generate the greatest dollar profit in 1986 (Based on 91 replies)

	Percent of respondents listing product
1. Color TV's	49.5%
2. Videocassette Recorders	19.8
3. Home Stereo Equipment	15.4
4. Satellite Earth Stations	12.1
5-6. Phone Answering Devices	3.3
5-6. Car Stereos	3.3
7-10. Telephones	2.2
7-10. Projection TV's	2.2
7-10. Portable Audio Equipment	2.2
7-10. Prerecorded Videocassettes	2.2
11-12. Video Cameras	1.1
11-12. Blank Audiotapes	1.1

Expected increase in total consumer electronics dollar sales in 1986 vs. 1985 and 1985 vs. 1984 (Based on 66 replies)

Average increase expected 1986 vs. 1985	18.0%
Average increase expected 1985 vs. 1984	16.8%

Major Appliances

Major appliances expected to generate the greatest increase in dollar volume in 1986 (Based on 103 replies)

	Percent of respondents listing product in Top 3
1. Refrigerators	67.0%
2. Clothes Washers	60.2
3. Microwave Ovens (countertop)	54.4
4. Clothes Dryers	39.8
5. Air Conditioners	17.5
6. Electric Ranges	16.5
7. Gas Ranges	14.6
8. Dishwashers	12.6
9. Freezers	7.8

Expected increase in dollar volume for 1986 vs. 1985 and 1985 vs. 1984 (Based on 53 replies)

	Average expected percent change '86 vs. '85	Average percent change '85 vs '84
1. Air Conditioners	31.4%	12.6%
2. Freezers	26.9	21.9
3. Gas Ranges	23.1	25.4
4. Microwave Ovens	21.3	22.2
5. Electric Ranges	16.8	17.8
6. Refrigerators	15.9	14.0
7. Dishwashers	15.7	18.3
8. Clothes Washers	14.9	10.3
9. Clothes Dryers	14.4	5.8

Major appliances expected to generate the greatest dollar profit in 1986 (Based on 94 replies)

	Percent of respondents listing product
1. Refrigerators	39.4%
2. Clothes Washers	30.9
3. Clothes Dryers	23.4
4-5. Microwave Ovens	14.9
4-5. Gas Ranges	14.9
6. Electric Ranges	10.6
7. Dishwashers	8.5
8. Air Conditioners	4.3
9. Freezers	2.1

Expected increase in total major appliance sales in 1986 vs. 1985 and 1985 vs. 1984 (Based on 89 replies)

Average increase expected 1986 vs. 1985	13.4%
Average increase 1985 vs. 1984	9.3%

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The third illustrates which products should be the real breadwinners in terms of profitability.

VCR's take honors

In electronics, the VCR once again won the popularity contest hands down, coming in far ahead of every other product. The average retailer said he expects the VCR to generate a 36.1 percent increase in sales next year. That is, however, down a bit from the 42.2 percent jump expected for full-year 1985.

Although it came in second in the popularity poll, the color TV is expected to be the most profitable product in consumer electronics by a long shot.

Next on the popularity chart comes home stereo equipment, being driven largely by the phenomenally successful compact disc player. The category also came in third in the dealer's profitability expectations.

Number four with a bullet in the popularity poll is the satellite earth station. Retailers expect it will show a 43.7 percent increase in dollar volume next year on top of a 23 percent jump for 1985. And the profits should be there as well: The product came in fourth on that chart.

Microwaves level off

In major appliances, the refrigerator holds the number one position in the popularity poll. It also rated tops as the expected profit producer.

Number two on the popularity poll is the washing machine which also holds the number two position on the profitability chart.

Coming in number three in the popularity poll is the microwave oven, a one-notch slip from last year's poll. *(Although it's impossible to compare last year's Action Forecast with this year's because different retailers were polled for each, the results can be used to get a picture of overall trends.)*

The microwave, it would seem, is reaching the point in its life where it can no longer be counted on to produce huge growth rates year after year.

Nevertheless, the retailers said, they expect the category to turn in a 21.3 percent increase in sales compared with 22.2 percent for full-year 1985.

Housewares see stability

Topping the popularity chart in housewares is the full-sized vacuum cleaner. It's also expected to be the most profitable product of the year.

Close on its heels is its little brother, the hand-held vac, which also came in second in terms of expected profitability.

Third on the profitability chart is microwave cookware. Like the microwave oven, it too is not as popular as it was last year among retailers, although it still came in third on the profitability chart.

Also tied for fourth place in popularity is the full-sized iron.

How we did it

Statistical matter for this survey was collected and compiled by Selma Book, market research manager, and research associate Pat Jagbandhansigh.

Data was gathered from two groups of retailers: one selling consumer electronics and major appliances and one selling housewares.

On the consumer electronics and major appliances side, 64.2 percent of the retailers polled described themselves as household appliance stores. Some 25.4 percent said they were radio/TV stores, 9.8 percent were video specialty stores, 8.7 percent were housewares/hardware stores, 7.5 percent were audio hifi specialty stores with the remainder of the group comprised of department stores, home furnishings retailers, home centers, discount stores and catalog showrooms. Together, these retailers represented a total of 962 outlets.

Most of the stores, 80.9 percent, were single-unit companies, with the remaining 19.1 percent representing units of chain operations. Expected sales volume for 1985 hit a median of $477,273.

Of the 195 housewares retailers polled, 53.9 percent said they were housewares/hardware stores, 20.5 percent were appliance/TV stores, 12.3 were department stores, 5.6 percent were discount stores, 4.1 percent were home and auto stores, 2.1 percent were furniture stores and 1.5 percent were home centers. They represented a total of 1,434 retail outlets.

Again, most of the stores, 85.1 percent, were single-unit companies. The remaining 14.9 percent were multi-unit operations, including a 365-unit retailer, a 350-unit company, a 160-unit company and a 140-unit company. Expected sales volume for the 1985 group hit a median of $809,210.

In both cases, retailers were polled on a nationwide basis.

Housewares

Housewares products expected to generate the greatest increase in dollar sales in 1986 (Based on 82 replies)

	Percent of respondents listing product in Top 5
1. Full-Sized Vacuum Cleaners	34.1%
2. Hand-Held Vacuum Cleaners	32.9
3. Microwave Cookware	30.5
4-5. Gas Grills	25.6
4-5. Standard Size Irons	25.6
6-7. Ceiling Fans	23.2
6-7. Food Processors	23.2
8. Drip Coffee Makers	20.7
9. Fans (except ceiling)	19.5
10. Toaster Oven/Broilers	15.9
11-12. Oil-Filled Heaters	13.4
11-12. Ultrasonic Humidifiers	13.4
13. Clocks	12.2
14-15. Metal Cookware	11.0
14-15. Toasters	11.0
16-17. Mixers	6.1
16-17. Digital Scales	6.1
18. Timers	4.9
19-21. Blood Pressure Monitors	3.7
19-21. Blenders	3.7
19-21. Hair Dryers	3.7
22-24. Digital Thermometers	2.4
22-24. Curling Irons	2.4
22-24. Woks	2.4
25. Shavers	1.2

Expected increase in dollar volume for 1986 vs. 1985 and 1985 vs. 1984 (Based on 47 replies)

	Average expected percent change '86 vs. '85	Average percent change '85 vs '84
1. Ceiling Fans	30.8%	18.0%
2. Food Processors	29.3	30.9
3. Clocks	21.3	22.0
4. Microwave Cookware	20.0	13.4
5. Ultrasonic Humidifiers	18.7	26.4
6. Hand-Held Vacuums	17.5	11.1
7. Fans (except ceiling)	16.4	-0.9
8. Full-Sized Vacuums	16.1	9.0
9. Gas Grills	14.0	11.3
10. Oil-Filled Heaters	13.3	10.3

Housewares products expected to generate the greatest dollar profit in 1986 (Based on 93 replies)

	Percent of respondents listing product
1. Full-Sized Vacuum Cleaners	26.9%
2. Hand-Held Vacuum Cleaners	24.7
3. Microwave Cookware	10.8
4. Fans (except ceiling)	9.7
5-6. Gas Grills	8.6
5-6. Clocks	8.6
7. Metal Cookware/Bakeware	7.5
8-9. Standard Size Irons	6.5
8-9. Drip Coffee Makers	6.5
10. Oil-Filled Heaters	5.4
11. Ceiling Fans	4.3
12. Ultrasonic Humidifiers	3.2
13-15. Toasters	2.2
13-15. Shavers	2.2
13-15. Curling Irons	2.2
16-19. Food Processors	1.1
16-19. Toaster Oven/Broilers	1.1
16-19. Timers	1.1
16-19. Hair Dryers	1.1

Expected increase in total housewares products dollar sales in 1986 vs. 1985 and 1985 vs. 1984 (Based on 88 replies)

Average increase expected 1986 vs. 1985	9.1%
Average increase 1985 vs. 1984	6.4%

Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

TITLE	Last month's position	Months on chart
1. **Ghostbusters** *(RCA/Columbia)* I	—	1
2. **Beverly Hills Cop** *(Paramount)*	—	1
3. **The Breakfast Club** *(MCA)* I	1	2
4. **Amadeus** *(Thorn EMI/HBO)* P	3	2
5. **The Killing Fields** *(Warner)* P	2	3
6. **Police Academy II** *(Warner)* P	10	2
7. **Desperately Seeking Susan** *(Thorn EMI/HBO)* P	6	3
8. **Missing in Action II** *(MGM/UA)*	4	2
9. **Ladyhawke** *(Warner)* P	—	1
10. **Gotcha!** *(MCA)* G	—	1
11. **Secret Admirer** *(Thorn EMI/HBO)* P	—	1
12. **Nightmare on Elm Street** *(Media)* P	13	5
13. **Baby: Secret of the Lost Legend** *(Touchstone)*	—	1
14. **Porky's Revenge** *(CBS/Fox)*	9	2
15. **The Karate Kid** *(RCA/Columbia)* P	5	6
16. **A Passage to India** *(RCA/Columbia)*	12	3
17. **Brewster's Millions** *(MCA)* P	—	1
18. **The Sure Thing** *(Embassy)* I	7	3
19. **A Soldier's Story** *(RCA/Columbia)* P	8	5
20. **Turk 182** *(CBS/Fox)*	15	2
21. **Cat's Eye** *(Key)*	—	1
22. **Friday the 13th Part 5** *(Paramount)*	22	2
23. **The Slugger's Wife** *(RCA/Columbia)*	20	2
24. **Stick** *(MCA)* P	23	3
25. **Starman** *(RCA/Columbia)* P	14	5
26. **Falcon and the Snowman** *(Vestron)* P	11	5
27. **Moving Violations** *(CBS/Fox)*	—	1
28. **Mrs. Soffel** *(MGM/UA)*	17	3
29. **Wrestlemania** *(Coliseum)*	29	2
30. **Pinocchio** *(Walt Disney)* I	—	3

Top 10 in videocassette sales

1.	**Beverly Hills Cop** *(Paramount)* P	9	2
2.	**Jane Fonda's New Workout** *(Karl-Lorimar)*	—	1
3.	**Jane Fonda's Workout** *(Karl-Lorimar)* P	1	41
4.	**Ghostbusters** *(RCA/Columbia*	—	1
5.	**Pinocchio** *(Walt Disney)*	3	4
6.	**Jane Fonda's Prime Time** *(Karl-Lorimar)* P	2	12
7.	**White Christmas** *(Paramount)*	—	1
8.	**Amadeus** *(Thorn EMI/HBO)* P	—	1
9.	**Prince and the Revolution—"Live"** *(Warner)* P	6	4
10.	**Dumbo** *(Walt Disney)*	—	2

Top 5 in laserdisc sales

1.	**Pinocchio** *(Walt Disney)*	—	2
2.	**Ghostbusters** *(RCA/Columbia)*	—	1
3.	**The Killing Fields** *(Warner)*	1	2
4.	**2010** *(MGM/UA)*	2	3
5.	**Breakfast Club** *(MCA)*	—	1

Top 5 in alternative programs

1.	**Jane Fonda's Workout** *(Karl-Lorimar)* P	1	14
2.	**Jane Fonda's New Workout** *(Karl-Lorimar)*	—	1
3.	**Jane Fonda's Prime Time** *(Karl-Lorimar)*	2	12
4.	**We are the World** *(RCA/Columbia)*	—	4
5.	**Prince and the Revolution—"Live"** *(Warner)* P	5	4

I —Golden Videocassettes award—has audited return of sales or rentals of $1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)
P—Title has gone platinum—has sold 150,000 on disc and/or cassette and has sales of at least $6 million. (RIAA/Video)
G—Title has gone gold—has sold 75,000 on disc and/or cassette and has sales of at least $3 million. (RIAA/Video)
(For non-theatrical products, the RIAA certifies a Gold award for 30,000 units or a value of $1.2 million in suggested retail price. Platinum awards are given to tapes with 60,000 units or at least $2.4 million in suggested retail value.)

RCA/COLUMBIA

SHAMPOO (1975) Warren Beatty plays a Beverly Hills hairdresser who can't resist women. He tries to borrow money to open a beauty salon from an investment counselor (Jack Warden), and proceeds to have affairs with his wife (Lee Grant), mistress (Julie Christie) and daughter (Carrie Fisher). He also has a girlfriend (Goldie Hawn). Needless to say, disastrous results ensue. Directed by Hal Ashby. *Color R 112 minutes VHS Hifi Beta Hifi C: $59.95. Closed captioned*

CBS/FOX

A VIEW TO A KILL (1985) The latest James Bond flick features the unflappable Roger Moore fighting against Max Zorin (Christopher Walken), who wants to control the world computer market. He also tangles with Zorin's assistant, May Day (rock singer Grace Jones), whose mohawk haircut doesn't deter 007 from having a fling with her. Bond's love interest is played by Tanya Roberts. The movie was filmed on location in places ranging from Paris' Eiffel Tower to San Francisco's Golden Gate Bridge. John Glenn directed. *Color PG 131 minutes VHS Hifi stereo Beta Hifi stereo C: $79.98. Closed captioned.*

WALT DISNEY

THE MICKEY MOUSE CLUB (1955) The first five volumes, each containing three half-hour episodes, feature all the favorite characters from the hit show—Spin and Marty, Jimmie, Roy, Darlene, and Annette Funicello, who introduces each cassette. Each introduction includes rare footage and photos from her collection. *B/W 90 minutes VHS Beta C: $49.95.*

PARAMOUNT

LA BOHEME (1982) Part of Paramount's Live From The Met series, the opera focuses on two sets of lovers, Mimi and Rodolfo (Teresa Stratas and Jose Carreras), and Musetta and Marcello (Renata Scotto and Richard Stilwell). Their bohemian life was based on composer Puccini's own early life. Directed by Franco Zeffirelli. *Color 125 minutes VHS Hifi stereo Beta Hifi stereo C: $59.95. English subtitles.*

PLAYHOUSE

BATMAN (1966) Holy Toledo! The dynamic duo is back. Batman and Robin (Adam West and Burt Ward) battle the Joker (Cesar Romero), the Penguin (Burgess Meredith), the Riddler (Frank Gorshin) and Catwoman (Lee Meriwether). The heroes, aided by vehicles such as the Batcycle and the Batcopter, try to thwart the villains' plan to take over the world. The bad guys use a substance that instantly turns people to dust. *Color 104 minutes VHS Hifi Beta Hifi C: $29.98. Closed captioned.*

WARNER

PALE RIDER (1985) Produced and directed by, and starring, Clint Eastwood, the movie concerns a nameless stranger who rides into a California town during the Gold Rush. He becomes involved in a feud between two gold prospectors. Guess who wins? Also starring Michael Moriarty, Carrie Snodgrass, Christopher Penn, Richard Dysart and Richard Kiel. *Color R 116 minutes VHS Hifi stereo Beta Hifi stereo C: $79.95. LV: $34.98. Closed-captioned.*

SONY

MONTEREY POP (1967) The legends of rock and roll are featured in the film of the famous music festival in Monterey, CA. Performers include Janis Joplin, Jimi Hendrix, The Who, Jefferson Airplane, Simon & Garfunkel, The Mamas and the Papas, Otis Redding and the Rolling Stones. *Color 72 minutes VHS Beta C: $59.95.*

SIMITAR

BROADWAY BODY WORKOUT (1985) Carol Lawrence sings Broadway show tunes to accompany a cardiovascular exercise program for all ages. Basic dance steps are included in the workout. Featured shows include Damn Yankees, The Music Man, Hello Dolly, Mame and Annie Get Your Gun. *Color 75 minutes VHS C: $24.95.*

Rebates for energy-saving appliances spur sales

By Irene Clepper, contributing ed.

MINNEAPOLIS—After more than three years in operation, Northern States Power Co.'s (NSP) consumer rebate program, which rewards people for buying energy-efficient appliances, has had two major effects:

1. It has significantly reduced the power company's electrical load.
2. It has actually helped increase sales of high-ticket, high-margin energy-efficient appliances.

According to a questionnaire answered by customers who have received rebates, 60 percent said their decision to buy an energy-efficient appliance was influenced by the money-back offer. And 22 percent said they would not have bought the appliance they did without a rebate.

Such energy-saving is mandated in Minnesota's Energy Omnibus Act, passed in 1980. The law directed the state's Public Utilities Commission to solicit plans from utilities for various energy conservation investment programs.

Additional state legislation from the 1983-84 session requires utilities to spend "significant" amounts of their revenues on conservation programs. A definition of "significant" is pending in the courts.

The rebate program, from its outset in March 1982 thr[illegible] June 30 of this year, has reduc[illegible] demand by an estimated [illegible] ilowatts.

This figure includes savings from North Dakota and South Dakota users, who were added to the program in August 1984, after approval by the public utilities commissions in those states.

The program is NSP's method of "shaving off the peaks of electricity use," explained Lynn Gustafson, supervisor of the utility's market support services. "By keeping production cost-effective, we can keep rates among the lowest in the nation and, down the line, avoid having to build additional facilities."

Gustafson estimates that approximately 90 percent of all appliance dealers are registered with the program, which offers rebates of up to $200.

For example, room air conditioners can net rebates ranging from $20 to $120; refrigerator/freezers, $15 or $30; refrigerators, $15, and freezers, $15.

Dealers pleased

Retailers, in general, report they are satisfied with the program.

"The rebates are quite substantial," said Jim Thiers, co-owner of Hoeft TV & Appliance Center, St. Paul. "They cut the price of the energy-efficient appliances and also save money on electric bills."

NSP furnishes retailers with stickers, wall banners and ad slicks to help them promote the program. The stickers show each model's efficiency rating and assigned rebate.

Some dealers go even further, promoting the rebates on their own. Warners' Stellian Appliance Co., Inc., St. Paul, used 93 Susan B. Anthony silver dollars to create a huge dollar sign on the door of one Amana energy-efficient refrigerator. The coins were embedded in circles that were carefully cut in the product's plastic front panel.

"When a customer stops to look at this unusual dollar sign, it's likely that he will go on and read its energy rating," owner Jim Warner commented.

NSP requires a minimum of paperwork from the participating appliance dealers. The retailer supplies an appliance purchaser with the necessary form; it is up to the customer to send the form, along with a copy of his receipt, to NSP. He will then receive the rebate directly from the utility.

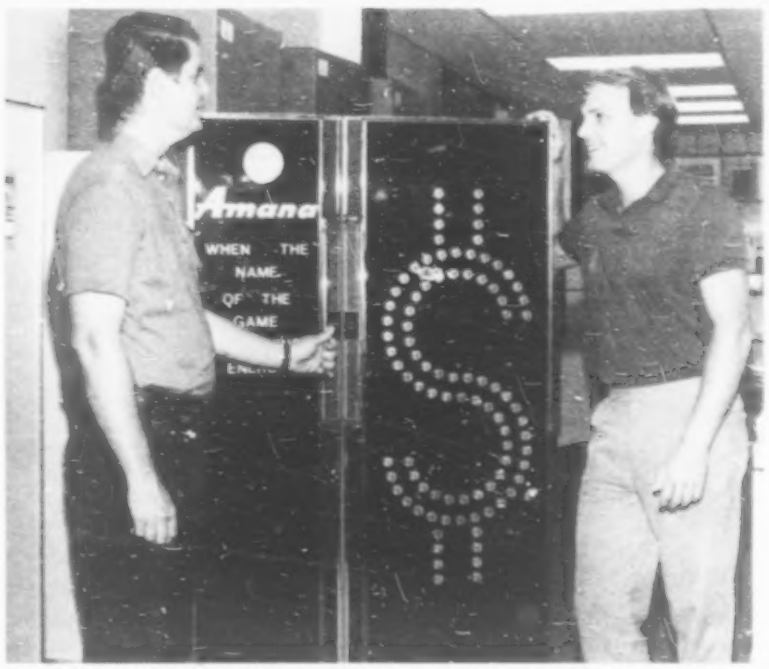
While the program has been a success, the trend towards energy efficiency may require a change in the near future.

"We give a rebate, scaled accordingly, for anything above an 8.5 efficiency rating," explained Dave Grover, NSP's senior marketing engineer. "But since our last evaluation, the appliance market has changed so much and energy efficiency has increased so dramatically that we will probably raise our standard; 8.5 is not considered very efficient anymore."

How many rebates have been granted?

Number of rebates given by NSP in the three states by the end of July 1985 (the fourth year for Minnesota and first fiscal year for North and South Dakota).

	Minnesota 1,237 dealers	North Dakota 141 dealers	South Dakota 153 dealers
Refrigerator/ freezers	9,733	156	228
Freezers	1,966	43	30
Water Heaters	1,347	85	37
Central Air Conditioners	12,172	94	185
Room Air Conditioners	3,217	6	17



SELLING EFFICIENCY, Jeff Warner, of Warners' Stellian Appliance, points out a dollar sign made of Susan B. Anthony silver dollars to an appliance customer.

Distributors forced to reassign salesmen of competing brands

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"We were forced to drop the Speed Queen line when Amana entered the laundry business," noted Jim Williams, president. "We had carried Speed Queen only a couple of years but had put a lot of time and effort into the product. It was not our choice to drop it. But the manufacturer didn't want to continue to do business with us since we also carried Amana."

Now that Amana has entered the dishwasher market, will Williams again have problems? Probably not, he said. "Our other dishwasher line is General Electric and most of that business is done with the builder segment. The Amana line is earmarked for appliance dealers. If Amana becomes more builder-oriented later on then there may be a conflict and we might have to make a choice."

Regarding ranges—Williams carries several lines including Amana and General Electric—there has been no real conflict since the products are priced differently. "They go to different clientele; Amana appeals to the high-end consumers while GE and Roper are more for consumers in the middle price range. Brown, on the other hand, is geared to a different customer at the lower end of the spectrum," Williams said.

Another reason there is no conflict among these lines is that a different group of salespeople handles each. There are four groups at Williams. Different salesmen call on appliance merchants, while others sell direct to developers, builders and retail kitchen dealers.

Dale Baden, sales manager, Amana, Roth Distributing, Earth City, MO, said his firm also chose to give different lines to different salespeople. "Manufacturers like to see this. But we made the decision to split the force to avoid confusion among the salesmen about knowing and merchandising the different lines," he said. "It made us more organized." Roth carries Amana, Jenn-Air and KitchenAid.

"We changed some territories, making them smaller," Baden added. "But this type of action also depends on the market. In a rural area it may not be cost effective to have two salesmen cover the territory. A man on the road for just KitchenAid, for example, would be too expensive."

At King Kitchens, Inc., in Memphis, conflicts over cooking equipment and dishwasher lines have necessitated having two sales managers and two separate sales forces handle lines that include Thermador/Waste King, KitchenAid and

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Audit service may help save money on energy bills

continued from page 1
costs to the tune of $17 million; many techniques covered by Bartow are adaptable to average size stores.

An audit service may be mandated if the House does not move to kill the program, which the Senate killed in August. The Commercial and Apartment Conservation Service (CACS) program requires utilities to audit energy usage and recommended improvements.

"A customer could save from 15 to 25 percent if they were to follow recommendations of an audit, depending on how much they've already done," estimated Pat Singleton, Georgia Power commercial marketing manager.

Singleton does not favor the mandate. "With all the administrative upkeep the law requires, companies will probably have to charge for the service," he said. The fee could range from $15 to $350 nationwide, depending on administrative costs, estimated Singleton. The state regulatory body has final approval of fees.

According to Singleton, Georgia Power has 145,000 commercial accounts, 90,000 of which will probably be eligible.

Georgia Power, as well as many other utility companies, already offers an audit service to customers. Some charge a fee while others offer the service free of charge. Through this service, the utility sends an auditor to survey the customer's location and recommend areas where energy could be saved.

Will offer free service

While agreeing that the administrative upkeep of the plan will be a problem, Ron Griffith, senior marketing consultant for Northern States Power in Minneapolis, said that his company will probably offer the service free of charge. The company currently offers an audit service to larger users, with fees ranging from $100 to $500 depending on the size of the operation.

The CACS program will be available to all users of 4,000 kWh per month or less. States had to submit their audit plans to the Department of Energy (DOE) by June of 1984 for approval. Services did not have to be offered until one year after such approval.

If a state will run its own program, the DOE will run a "standby" program there. Currently 25 states have approved plans and only Michigan offers CACS services.

If the House fails to act, all utilities must offer the service through 1990. At press time, the House made no move to mark up a bill.

Georgia Power senior field engineer Mike Frassrand stressed that audit recommendations do not usually involve a big expenditure. "More than half the results can be achieved through good management," insisted Frassrand. He estimated that commercial customers spend an average of $1.50 per square foot on utilities.

While utility companies will be obligated to offer this service, they still will not be obliged to provide users with the lowest possible rate. It is the customer's responsibility to choose a rate structure, and to be sure that earned discounts are applied to outstanding bills.

For this reason, many stores have employed services to analyze their bills. One such company is the National Utility Service (NUS). The company charges fees ranging from $1,500 to $7,500 for a five-year contract, depending on the size of the customer, plus 50 percent of any refunds or savings effected. NUS analyzes a client's past 12 months' bills to detect overcharges. Current bills are also reviewed to determine where savings can be made.

Peak shaving cuts costs

Another useful method of cutting utility bills is known as "peak shaving." Most utility companies charge users for the highest 30-minute period, or "peak demand period," multiplied by the total hours of use per month. This is known as "billing demand."

So, if a store used 200 hours in a given month and peaked at 50 kilowatts (kW), it would be billed for the 50 kilowatt demand (kWd) times 200 hours, for a total of 10,000 kilowatt hours (kWh). With an average cost of six cents per kW, according to Frassand, the store would pay $600 that month.

(Most companies charge a different percentage of kWd depending on the time of year. Georgia Power, for instance, charges 95 percent of the kWd from June to September and 60 percent from October to May.)

If that store could have shaved as little as one kW off that peak, it would have saved $12 that month (49 kWd x 200 hours=9,800 kWh x .06 per kW=$588.) If the store could have shaved as much as 20 kW off that peak, it would have saved $140 that month (30 kWd x 200 hours=6,000 kWh x .06 per kW=$360).

In order to shave this peak, a store has to identify the peak load period and try to reschedule some operations for different times. Believe it or not, most utility companies would like to see these peak demands reduced to avoid the expense of building additional power stations. These new stations will sit idle during off-peak hours so they are not cost-effective. Utility companies offer time-of-day discounts to encourage off-peak use. These discounts vary from company to company.

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How much more are you paying?

Survey of comparative commercial and industrial electric costs from 1980 to 1985 for the 23 largest U.S. utilities

Company	Cents/kWh April '85	Cents/kWh March '80	% Change
Pacific Gas & Electric (San Francisco)	8.58	4.68	+ 83.3%
Commonwealth Edison (Chicago)	6.23	4.75	+ 31.2
Southern Company (Atlanta) (Georgia Power)	5.08	3.37	+ 50.7
American Electric Power (Columbus) (Ohio Power)	4.75	3.46	+ 37.3
Middle South Utilities (New Orleans) (Louisiana Power & Light)	4.74	2.66	+ 78.2
Southern California Edison (Rosemead)	8.25	5.64	+ 46.3
Texas Utilities (Dallas) (Texas Utilities Electric)	4.89	3.03	+ 61.4
Public Service Electric & Gas (Newark)	7.81	4.55	+ 71.6
Consumers Power (Jackson)	6.49	4.46	+ 45.5
Consolidated Edison (New York)	11.52	9.07	+ 27.0
Detroit Edison	7.01	4.57	+ 53.4
Philadelphia Electric	7.25	5.37	+ 35.0
Florida Power & Light (Miami)	6.92	4.13	+ 67.6
Virginia Electric & Power Co. (Richmond)	4.52	4.69	– 03.6
Duke Power (Charlotte)	4.64	2.92	+ 58.9
Houston Industries (Houston Lighting & Power)	6.19	3.78	+ 63.8
Long Island Lighting (Mineola)	10.22	6.19	+ 65.1
Pennsylvania Power & Light (Allentown)	5.26	2.96	+ 77.7
Ohio Edison (Akron)	6.42	4.30	+ 49.3
Central & Southwest (Dallas) (Public Service of Oklahoma)	4.81	2.86	+ 68.2
Niagara Mohawk Power (Syracuse)	6.10	4.09	+ 49.1
General Public Utilities (Parsippany) (Jersey Central Power & Light)	8.92	4.35	+ 105.1
Carolina Power & Light (Raleigh)	5.42	3.09	+ 75.4

Average % of Increase: 56.4% (unweighted)

Figures based on customer size of 1,000 kW—450,000 kWh and customer-owned transformers. Figures include fuel adjustment, subcharges, etc., but not city or state sales tax.

Source: National Utility Service

Rich's saved $17 million on utility charges in 1984

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In order to control peak load periods, Rich's Bartow implemented a "demand limiter" program. Through this program, a computer system renders the store's equipment incapable of surpassing a preset peak demand. Bartow referred to this as "setting a spike." One spike could cost as much as $8,000 to $12,000 for a large operation.

Saves $17 million

The 5.7-million-sq.ft. Rich's has grown 104 percent since 1969. The cost of electricity there has increased 408 percent since then. Yet the 117-store chain managed to save $17 million on utility bills in 1984 through its cost control program.

What is its key to success? According to Bartow, it is "thinking smart." It is one thing to think smart, but putting that smart thinking into action requires a lot of careful planning, hard work and—for an operation of Rich's size—a large initial investment. But if your operation falls short of the 5.7-million-sq.-ft. mark, a smart conservation program does not have to be costly.

Bartow's energy management-program was conceived in '72 and put in place in '73 after a careful test. He worked closely with Georgia Power in monitoring the test store. "We couldn't have asked for anybody to be more cooperative. They were as enthusiastic about the effort as we were," he recalled.

Rich's lighting improvement program involves efficiencies of energy conservation and, more importantly, the improvement of the 'theater' of the merchandise.

Bartow stressed that while the chain is attempting to save energy, its top priority is to create displays that are appealing. "We're in the business of selling merchandise, not saving energy," he stressed.

To achieve this, Bartow added color-corrected, energy-efficient fluorescents to provide the closest thing to natural daylight and to the true color of the merchandise. (Fluorescents tend to give off green light.)

Energy-efficient ballasts to power the fluorescents were installed and four-lamp fixtures were replaced with two-lamp fixtures. The fluorescents were augmented with spotlights to highlight merchandise. The spotlights' bulbs have energy-saving 90 W caps which emit 150 W of light.

In the electronics department, Bartow limited the amount of ambient lighting in the TV area, with the exception of accent lighting. "We try to get the level of accent lighting to a minimum because this area doesn't need much light."

The store's utility equipment is controlled by computer, which monitors all energy functions. While the cost of a computer-controlled utility system (from $10,000 to $30,000) is prohibitive for a small operation, the amount of money the system saves Rich's makes it an effective means of utility cost control.

According to Frassrand, a time clock can control utility use in much the same way as a computer control system for as little as $150 to $500.

Dealers say promos can dispose of used tapes

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The dealers say they sell to the brokers for a number of reasons.

First of all, it's easy. It means immediate revenue for little work.

Brokers say they pay about half the list price for a used tape (roughly $40 for a standard-priced $79.95 cassette, if it is a popular title). Nationwide Video said it will pay $35 for most $60 tapes within 21 days of the release date, $28 within 60 days and $25 thereafter.

But retailers claim the brokers can be picky. "They basically are looking for the hot stuff," commented Tim McKeown, owner of Video Biz in Antioch, CA.

In fact, many of the retailers interviewed said that they could make more money selling their used tapes at retail. But that's not always an easy proposition.

"Very few of our customers have an interest in buying a used movie," said Chuck Gilpin, owner of Video East-West, Joplin, MO. "We've tried a lot of different approaches, but we sell only five to six a month in the store. It just doesn't work."

Promos work

Other dealers who have been successful in selling used tapes to their customers find that promoting the titles has helped.

A yearly "turkey sale" at Video Cassettes Unlimited is one way the store gets rid of its used tapes. "I have no trouble moving these titles at $9.95," said Pough.

On an ongoing basis, the store sells used tapes for $19.95 to $39.95, depending on the original price. And the titles are trumpeted through the firm's catalog, a monthly newsletter and a sign placed in the middle of the store that reads, "Own a piece of Hollywood. Buy a used tape at a discount."

At the Video Place, Barnako advertises used tapes in the store's newsletter as "previously rented." Ads run on TV and in The Washington Post say simply, "Movies for sale, $19.95."

A used movie sale is held twice a year at Tampa Video Station. The tapes are put in a bin and sold for $19.95 each, or six for $99. "The customers love it," said Ross.

The store's quarterly newsletter also promotes the used cassettes. And whatever doesn't sell goes back on the rental shelf.

Electronics furniture vendors unveil small carts and elaborate wall systems

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who works at home. Sligh has added a computer-oriented L-shaped oak desk in traditional styling for $3,000.

Van Pelt's VP Systems International, Greenvale, NY, (American distributor for the Belgium firm) introduced a large collection of pieces from small carts for TV's and microwaves to elaborate wall systems.

Typical in this group was The Maryland wall system featuring a black case, rosewood doors and faces, brass accents, considerable concealed storage in cabinets and drawers, compartments for a large TV and audio/video components, a mirrored bar, lighted display areas and glass doors. Suggested retail price is $799.

Hekman Furniture Co., Grand Rapids, MI, showed several new entertainment centers, including a traditional-styled model in cherry solids and veneers, a campaign style in mahogany and an informal piece in ash solids and veneers.

Each unit accommodates a large TV set on a tilt/swivel pull out and includes an underneath VCR shelf and shelves for equipment and tape storage.

Creative Cabinets, Springfield, VA, introduced a computer/home entertainment cabinet in mahogany solids with oak/cherry veneers. The unit has adjustable shelves for a 25- or 26-in. monitor, two VCR's, stereo equipment, a turntable, cable converter and satellite dish control as well as removable file dividers for record storage, two drawers for cassettes and one for video tapes.

The unit can be adapted to serve as a computer console and is available in black lacquer.

Distributors set up separate sales areas

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Sub-Zero.

"The move really increased our overhead in sales and the administrative areas," said Tom King, owner and president. "It has worked, but it has hurt us profitwise."

The common solution

Setting up separate sales areas at the distributor level is the common solution to conflicting product lines, said Don Matney, vice president of marketing, Jenn-Air.

And carrying additional product categories is a benefit, he pointed out, since it gives the distributors added volume. "For example, some of our distributors didn't have a dishwasher line when we introduced that product, so they welcomed our units. And broader lines give the dealer more product options to choose from."

Matney said that all Jenn-Air merchandise is currently moved through its distributor network; it's still the most viable way to handle product. However, there may be programs developed in the future to sell directly to the large appliance operations "if it's to our benefit."

Workers enjoy gains by lending to firms

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group of sources relates to your employees or employee funds. Employees often have very important added benefits from becoming lenders. One such benefit may stem from a situation in which their jobs may be at stake. Many companies have been saved with loans from employees.

Another benefit to employees may be higher rates on their money. Companies in good financial condition have borrowed from employees because it was less expensive than borrowing from a commercial bank. At the same time, the employees received more interest than they would have received from deposit accounts or money market funds. In effect, the middleman was cut out.

A variation of this is to give added incentive to the employee loans with options to buy preferred stock with no voting rights. This gives the employees potential for earnings and growth on investment.

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